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MPVs top most cars on resale

Minivans, utilities rival luxury autos

By Dutch Mandel and Philly Murtha
AUTOMOTIVE NEWS STAFF REPORTERS

The next wave of television commercials touting a vehicle's high resale value may show the smart owner stepping out of a sport-utility vehicle or a minivan rather than a European luxury car.

A study of randomly selected year-old premium sport-utility vehicles and minivans shows the majority retaining their value better than many domestic or imported cars, and a few rival the values of year-old luxury imports.

Two 1988 domestic sport-utility vehicles and a minivan dropped only 10 to 12 percent, about $1,900 to $2,200 in 12 months.

That's less than half the average loss for a one-year old car, according to William Geen, vice president of CCC Information Services of Chicago, an automotive data services firm. The study, prepared for Automotive News, compared manufacturers' suggested retail prices for new 1988 model vehicles with the used values of similar vehicles as of March 1, 1989.

Top performers in the sample were a year-old Chevrolet Suburban Silverado and a Chevrolet T10 Blazer Tahoe. Both held their retail values nearly as well as a year-old Jaguar XJ-S and better than a 1988 Mercedes-Benz 300E.

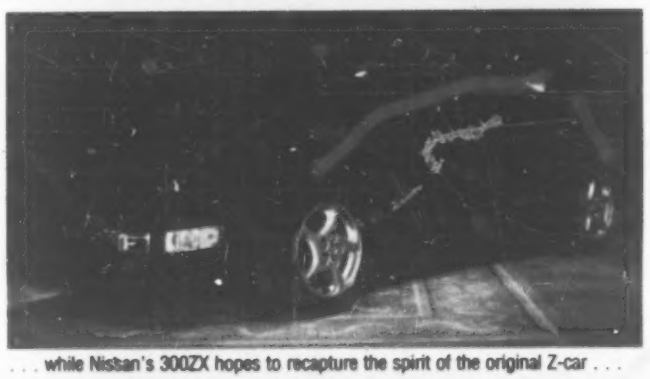
The two Chevrolet vehicles lost 10.22 and 11.52 percent, respec-

see RESALE, page 48

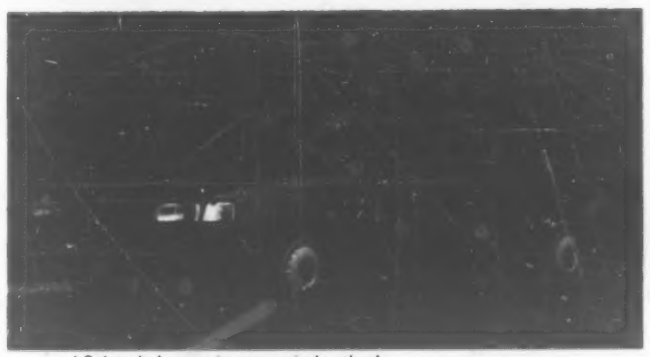
Intro 1990: A decade dawns

Chevrolet's Lumina bows with a fleet incentive. . .

AUTOMOTIVE NEWS/JOE WILSON



. . . while Nissan's 300ZX hopes to recapture the spirit of the original Z-car . . .



. . . and Subaru's Legacy is aggressively priced

New models map makers' strategies

Just past the midway point in the 1989 model year, four manufacturers introduced 1990 models last week, each model crucial to its maker's strategy for the coming decade.

And the success or failure of any of those models will play a significant role in reshaping the industry.

The quartet, Chevrolet Lumina, Nissan 300ZX, Subaru Legacy and Honda Integra (which is sold as an Acura in the United States), enter an uncertain, incentive-riddled market that some analysts believe may have seen its best days.

Each car is important to its manufacturer for different reasons.

Chevrolet is expecting its Celebrity replacement to sell at a rate of 350,000 units per year. When joined by its version of General Motors' all-purpose van, the Lumina line is being counted on to provide more than a half-million units per year in sales for the division.

But the sedan's conservative styling in an era of rapidly changing products is a gamble. Chevrolet officials say that family-car shoppers prefer a more traditional look.

The division is also counting on Lumina to perform the same yeoman service performed by Celebrity in fleets. As a result, it isn't taking any chances, offering a $650 fleet incentive as the car is introduced.

Subaru of America, which has quietly plied its niche as a pioneer in four-wheel-drive passenger cars and consequently watched its sales erode as others jumped on the bandwagon, is apparently ready to break out of that mold with its new Legacy. Aggressively priced at $11,299 for its base sedan and $13,699 in 4wd trim, Subaru is aiming squarely at Honda Accord, Toyota Camry and Mazda 626 with its new model.

Subaru is counting on the low introductory price to enable the company to break its dependence on incentives, programs costing $97 million per year over the last two years, almost equal the company's advertising budget. In fiscal 1989's first quarter, the publicly traded importer lost $12.3 million.

Fuji Heavy Industries, which owns a 49 percent stake in the dis-

see NEW MODELS, page 46

Honda's new four-door Integra replaces a five-door hatchback model

GM increases option prices

Some package discounts die; buyer rebates sweetened

By Michelle Krebs and Laura Clark
AUTOMOTIVE NEWS STAFF REPORTERS

DETROIT — General Motors has boosted prices by charging more for popular items of optional equipment. At the same time, the automaker sweetened its cash incentives for buyers.

GM hiked the prices of stand-alone options. In addition, all GM car divisions except Chevrolet have eliminated some discounts on options grouped in packages. The divisions said that eliminating those option-package discounts allowed them to increase the amounts of cash rebates.

Ford Motor Co. and Chrysler Motors made no changes in incentives. Chrysler earlier this year increased prices of some options on selected models. Ford has made no pricing changes.

The pricing action left GM dealers baffled and, in many cases, angry.

Dealers say GM's recent actions make selling a vehicle even more confusing than before. They complain that price increases on options aren't uniform — they vary by division and by model; elimination of discounts on packages also varies by division and model; and the incentives are confusing.

Cash rebates on some models, for example, vary in amount — based on whether a dealer wants to contribute — and vary from state to state depending on whether a regional incentive is in effect in addition to the national incentive.

At the very least, the timing — in the midst of the spring selling season — is poor, they say.

"I think they are bringing it out at the wrong time," said Greg Meyer, general sales manager of Coast Cadillac in Sarasota, Fla. "Price increases then rebates to move the inventory?"

Said a Chevrolet dealer in Texas who didn't want to be identified: "I don't understand how they can up the rebates one day and increase prices the next. . . . The only thing the customer is going to hear is the price increase, and they're going to look elsewhere. They'll think the worst."

GM said the price increases on options were necessary to recover substantially higher costs for wages and materials, particularly aluminum.

Price increases on stand-alone options, effective April 17, generally ranged from $5 to $100, although leather trim on the Pontiac Bonneville SSE was raised $300.

Price hikes included such commonly ordered

see GM PRICES, page 45

GM optional equipment goes up

	New Price	Increase	Pct. of increase
Automatic Transmission			
Chevrolet Cavalier	$440	25	6.02
Pontiac Grand Am	515	25	5.10
Buick Skylark	440	25	6.02
Air Conditioning			
Pontiac Grand Am	695	20	2.96
Chevrolet Corsica/Beretta	770	20	2.67
Buick Century	795	20	2.58
Power Door Locks			
Chevrolet Cavalier 2-door	155	10	6.90
Pontiac Grand Am 4-door	205	10	5.13
Olds 88 4-door	205	10	5.13
Power Windows			
Chevrolet [illegible]-doors	220	10	4.76
Pontiac Firebird	250	10	4.17
Olds Cutlass Calais 4-door	305	10	3.39

Japan ships less than full quota

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — Japan's car shipments to the United States last year dipped about 120,000 units below the self-imposed 2.3 million quota, and Nissan Motor Co. accounted for most of the shortfall.

It was the second year in a row Nissan's shipments were below quota.

Preliminary figures gathered by the Japan Automobile Manufacturers Association indicate the final tally will be 2.17 to 2.18 million units for the 12 months ended March 31, the period covered by the voluntary export restraint agreement.

see QUOTA, page 48

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cutting
n profits
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offer sporty flair
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Imports make pitch
as fleet leaders meet
Page 6

Swang song due for GM's geese

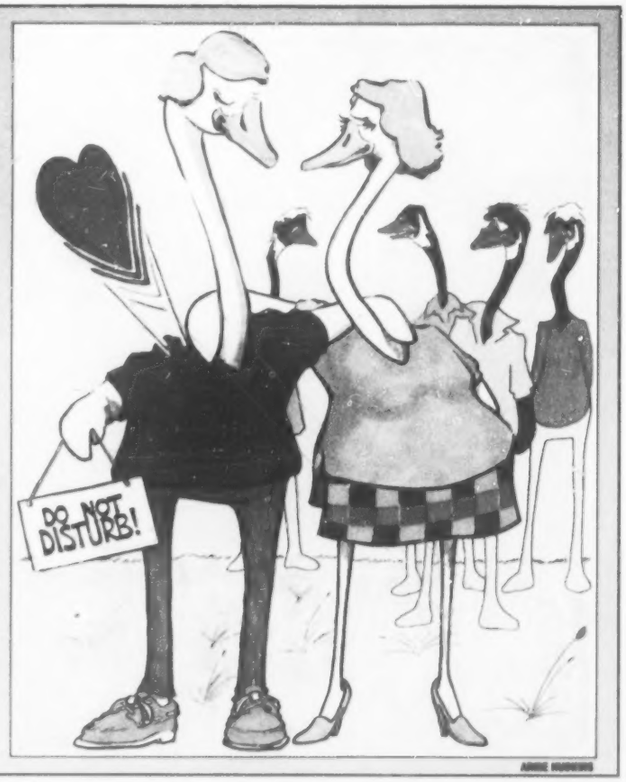
WARREN, Mich. — Hundreds of Canada geese have taken over a 20-acre lake at the General Motors Technical Center where cuter, tidier ducks would be preferred as tenants.

Site Operations Manager Joseph J. Bieda wants the geese to fly off and stay away. He said ducks are not only cuter and more fun but are less damaging to plant life.

The presence of nesting swans will make geese leave an area, so GM took that approach last summer. But the two swans proved to be males, so this year, a male and female were moved in. Bieda hopes they'll get in a family way, flex their territorial muscle and drive off the 225 or so pesky geese.

Canada geese are protected by law, and in past years the Michigan Department of Natural Resources has helped GM round up the geese periodically, Bieda said.

— Roger Rowand



Big '90 Chryslers offer sporty flair

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

Chrysler Motors' Y-body Fifth Avenue sedan will bow in the 1990 model year in both luxury and sport versions.

The Chrysler Fifth Avenue GTS will be offered with a 3.3-liter V-6 engine, four-speed automatic transmission, leather seats, sport suspension and 15-inch aluminum wheels, according to information the company made available to fleet buyers. The luxury version of the Fifth Avenue shares the same engine.

Use of the 3.3-liter V-6, which is being built by Chrysler in Trenton, Mich., marks a milestone for the company. Until the upcoming 1990 model year, Chrysler relied on Mitsubishi Motors for V-6 engines and has suffered in the marketplace because demand outstripped supply.

Chrysler also will use its new V-6 in the Chrysler Imperial Y-body sedan, scheduled to debut this fall. This flagship model has thicker front and rear door glass to reduce noise and an optional rear air suspension. Chrysler will offer an electronic navigation system for the first time as part of an electronics option package on the Imperial.

The Y-bodies are stretched versions of the C-body Chrysler New Yorker and Dodge Dynasty. The Y-bodies ride on a 109.3-inch wheelbase, compared with the C-body's 104.3-inch wheelbase.

Chrysler will continue to use Mitsubishi's 3-liter V-6 in the C-bodies during the 1990 model year. Chrysler-badged models will be the New Yorker Landau and New Yorker Salon. The New Yorker Salon replaces the New Yorker. Dodge will continue to offer base and LE versions of the Dynasty.

Chrysler's own V-6 will be available in the Chrysler Town & Country minivan debuting this summer. The Town & Country, an upscale model available only with the extended wheelbase, also will be offered with Chrysler's 2.5-liter four-cylinder turbocharged engine with three-speed automatic transmission.

The Chrysler V-6 also will be available in the Plymouth Grand Voyager and Dodge Grand Caravan. The Mitsubishi V-6 will remain an option in the Plymouth Voyager and Dodge Caravan.

The 2.5-liter four-cylinder turbocharged engine will continue to be used throughout the minivan lineup.

As expected, Chrysler told fleet buyers that the A-body sedan (Plymouth Acclaim/Dodge Spirit) will be available in a Chrysler version as a 1990½ model. The Chrysler LeBaron Landau, as it will be called, replaces the Chrysler LeBaron GTS, which went out of production in March.

A Dodge version of the Eagle Premier also will bow at mid-year. A 2.5-liter four-cylinder engine with four-speed automatic transmission will be standard on LX models. A Renault-built 3-liter six-cylinder engine with five-speed manual will be standard on ES models.

Chrysler also plans a mid-1990 introduction of a Dodge Shadow convertible. The company did not mention a convertible version of the companion Plymouth Sundance but Chrysler Motors has considered such a model.

In addition, an ES sport model of the Mitsubishi-built Summit sedan will join the Eagle lineup in 1990.

Chrysler told fleet buyers that it has improved suspensions throughout its lineup. The 1990 vehicles also include added air bag and passive restraint systems.

Chrysler Motors President Robert Lutz has said the additional passive restraint content in 1990-model cars will increase vehicle prices.

"There is no cheap system on that," Lutz said, referring to passive restraints.

Chrysler Motors Chairman Bennett Bidwell agreed on the impending higher prices.

"I do not see how the industry can hold the line on 1990 model prices versus 1989," Bidwell said earlier this month. "I'm sure it will stay under the Consumer Price Index as it has for several years now but I don't see a scenario where we can hold the line."

Chrysler raised 1989 model-year prices 2.3 percent on a comparably equipped basis and 3.9 percent on a base model to base model basis.

Chrysler raps Jeep re-export in Germany

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — Chrysler Corp. has asked its West German dealers to stop re-exporting Jeeps to other European countries — a controversial practice that has inflated the company's official registration figures in Germany.

Chrysler concedes that some of its dealers here are registering Jeeps themselves and then quickly de-registering the units before re-exporting them.

West Germany's official new-car registration agency, the Kraftfahrt-Bundesamt, recently began monitoring short-term registrations. The first statistical report, covering the last four months of 1988, showed Jeep with the highest percentage of short-term registrations among all makes. Nearly three-quarters of the 1,466 Jeeps registered in Germany from September through December were de-registered within 31 days. Chrysler sold 3,376 Jeeps in West Germany during 1988.

Short-term registrations are widely depicted here as a means by which carmakers can manipulate official sales numbers. They also are considered a way to permit new cars to be sold as used, thus sidestepping German laws against discounting.

The issue is a sensitive one for Chrysler because the company's year-old return to the European market after a decade's absence is being watched closely. Sales started last year in Germany, the Netherlands, Belgium, Switzerland and Austria. Chrysler will return to France later this spring.

Klaus Hadulla, director of European operations for Chrysler International, insisted said combined Jeep and Chrysler registrations last year in Germany totaled 5,150 and will nearly double this year.

"This year, we will achieve a minimum of 10,000 registrations in Germany," he said. "We're running an average of 1,000 over the last three months."

The Kraftfahrt-Bundesamt reported that during the September-December period, 271 Jeeps were de-registered within one day, 367 within three days, 423 in four to seven days and 28 in eight to 31 days. The total of 1,089 short-term registrations amounted to 74.28 percent of total Jeep registrations for the period.

Hadulla said the company had tracked only about 400 de-registrations. He said internal inquiries indicate that the units in question were de-registered by dealers only for the purpose of gray-market exports and that a large proportion were diesels. Diesel sales have fallen sharply in West Germany during the past year.

Hadulla denied that units have been de-registered for purposes of discounting or padding sales fig-

see CHRYSLER, page 47

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Mazda to use Ford engines in Flat Rock cars

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

Mazda's thoughts of building its own U.S. engine plant have been put to rest with its agreement to use Ford engines in most cars produced at the Japanese maker's Michigan assembly plant.

Mazda Motor Manufacturing (USA) Corp. announced last week that by the mid-1990s it would rely on Ford Motor Co. to supply the "majority" of engines for the Ford and Mazda models built at Mazda's plant in Flat Rock, Mich.

The company revealed few details about its plans. Last year, however, Mazda said it was exploring the possibility of adding an engine plant. So the announcement marks the conclusion of that study. Other Japanese makers — Honda, Nissan and Toyota — have built or are constructing engine plants to serve their U.S. assembly operations.

Another alternative was to continue to source engines for its cars from the parent company in Japan.

The Flat Rock plant, which opened in 1987, builds the Mazda MX-6 and the Ford Probe. Both are powered by a 2.2-liter four-cylinder engine imported from Mazda Motor Corp.

The decision was driven in part by economics, said a Mazda spokesman.

"Ford had indicated that they wish to put their engines in their badged product, which means that a significant portion of the production in Flat Rock would have Ford engines," the spokesman said.

Since Ford is guaranteed at least 50 percent of the plant's production, the number of Mazda-sourced engines would have been cut substantially from current levels. As a result, the per-unit cost of the imported engines would rise as economies of scales were reduced, the spokesman explained.

Mazda said it was too early to say how many Ford engines would go into its cars. But the company could continue to import its own engines for certain cars, such as high-performance models.

The move also will help increase the local content of the plant's combined Ford and Mazda output. That local content figure, which reflects the value of parts and components sourced from the United States and Canada, is expected to reach 65 percent by the end of this year and 75 percent by the 1992 model year, the spokesman said.

The phase-in of Ford engines begins next year when a Ford V-6 will be used in some Ford Probes.

Currently about 65 percent of the plant's production is devoted to the Probe and the balance to the Mazda MX-6. When Mazda adds its 626 model to the line this fall, its share of the output is expected to increase to the 40-50 percent range. The plant can produce up to 300,000 units per year with overtime.

Ford would likely need to increase its own engine capacity to be able to supply most of Flat Rock's production. A V-6 version of Ford's new modular engine is expected to go into production in 1992 at an engine plant near Cleveland.

The Ford-Mazda engine deal will mark another link in the partnership between the two companies. Ford owns 25 percent of Mazda Motor Corp. The two have signatures on such cars as the Mercury Tracer and Ford Festiva.

TRUCK INDUSTRY

March truck sales by manufacturer and segment

		CLASS 1-3	CLASS 4	CLASS 5	CLASS 6	CLASS 7	CLASS 8		
CHRYSLER-PLYMOUTH	MO	16,772						16,772	17,474
	YR	44,522						44,522	44,0[illegible]
DODGE	MO	80,572						80,572	57,230
	YR	137,572						135,572	145,824
JEEP	MO	20,475						20,475	23,927
	YR	55,559						55,559	59,031
TOYOTA	MO	19,176						19,176	23,529
	YR	49,969						49,969	57,720
NISSAN	MO	16,897						16,897	14,926
	YR	46,074						46,074	41,098
MAZDA	MO	6,411						6,411	10,567
	YR	21,504						21,504	28,991
ISUZU	MO	6,319						6,319	6,301
	YR	21,012						21,012	19,127
MITSUBISHI	MO	3,648						3,648	4,887
	YR	9,911						9,911	12,984
SUZUKI	MO	3,124						3,124	6,406
	YR	7,508						7,508	16,783
RANGE ROVER	MO	369						369	372
	YR	1,191						1,191	897
FORD	MO	126,808	2,294		817	3,101	1,413	134,161	156,433
	YR	330,854	6,811		2,104	8,080	3,546	350,476	395,696
FREIGHTLINER	MO						2,148	2,148	2,192
	YR						6,012	6,012	6,007
CHEVROLET	MO	116,900		13	428	666		118,913	122,311
	YR	332,936		54	1,965	2,664		336,719	334,380
GMC	MO	32,091		44	478	1,036		33,669	40,523
	YR	82,770	1,105		1,196	3,125		88,195	96,282
KENWORTH	MO					61	1,631	1,692	1,408
	YR					124	4,300	4,424	3,603
MACK	MO				168	282	1,890	2,309	2,106
	YR				668	810	4,461	5,969	5,022
MERCEDES	MO				60	120		180	319
	YR				172	290		462	716
NAVISTAR	MO		25	10	1,122	2,900	2,721	6,788	7,483
	YR		51	31	3,499	6,614	7,939	18,133	20,979
PETERBILT	MO					89	1,416	1,505	1,4[illegible]
	YR					187	4,028	4,215	3,556
VOLVO	MO					76	1,576	1,651	1,466
	YR					250	4,094	4,294	3,389
HINO	MO	33		58	56	127		273	389
	YR	64		120	130	279		593	552
NISSAN DIESEL	MO	58		104	51	120		333	298
	YR	124		226	91	210		651	589
ISUZU TRUCK	MO	564	86	10	123	57		830	896
	YR	1,658	179	27	267	143		2,294	1,625
MITSUBISHI FUSO	MO	224		101	34	84		453	256
	YR	511		186	80	169		956	512
SCANIA	MO						4	4	20
	YR						17	17	48
IVECO TRUCKS	MO	146	59	36	11			252	197
	YR	273	144	78	29			525	432
WESTERN STAR	MO						137	137	133
	YR						359	359	456
OTHER DOMESTICS	MO						49	49	77
	YR				5	80	154	239	175
GRAND TOTAL	MO	426,464	2,184	376	3,305	8,717	12,992	454,138	502,881
	YR	1,124,498	7,186	1,838	9,958	22,425	34,889	1,200,789	1,290,113
1989 YR to DATE		1,131,813	3,840	1,712	15,408	25,294	32,286		

NOTE: March 1989 includes 26 Sundays, YTD 1989 includes 77 Sundays.

Daimler world truck out; global parts in

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

STUTTGART, West Germany — Daimler-Benz, the world's largest maker of heavy trucks, has given up on the concept of a world truck and is now pursuing a global component sourcing strategy.

Its new strategy of developing bases for common parts around the world rather than built-up common trucks is designed to take advantage of its plant spread in 43 countries. One of those includes Freightliner in the United States.

The cradle of the new effort is in Brazil and the concept should spread around the globe in a modified form, according to Helmut Werner, head of Daimler's commercial-vehicle operations.

"In the past, everyone thought there should be a world car or a world truck," said Werner. "But it is now clear that the customer would not accept the long waiting times. There is also the cost of logistics. Furthermore, we do not have a truck that suits all needs. Therefore, we have changed our philosophy completely from a CBU (completely built-up) world concept to a component world concept."

Werner

The so-called world component truck is envisioned as a price-competitive vehicle using common parts produced around the world. Production could then be shifted around based on cost and currency exchange conditions.

"We are banking on things that can be made available from our own group," said Werner. "But we also are trying to include possibilities offered by component manufacturers already active in the respective countries."

Werner took over as head of Daimler's commercial-vehicle operation in late 1987. He was recruited from the West German tire maker Continental and is widely reckoned as the likely successor to current Daimler-Benz AG Chairman Edzard Reuter.

Since coming to Daimler-Benz, he has implemented rigid cost control to improve the division's sluggish profitability and has pushed the global component concept.

"We are developing a kind of cluster principle around our own assembly or manufacturing facility," said Werner. "We are analyzing in each country what can be made available locally, what kind of support can be given directly to build up additional supply capacities and what can be done to encourage suppliers who may be working for us here in Germany, Brazil or in the United States to do the same for us."

The concept is already being tested. For example, a Mercedes bus currently produced in Nigeria uses components from Argentina, Brazil and Germany.

"I believe the strength of our company is in our talent to harmonize the different components. We have learned that since our acquisition of Freightliner," said Werner. "Our technicians have said whether or not it is a Mercedes component is not so important. What is important is whether the end product, the vehicle, offers Mercedes quality."

Daimler's fledgling relationship with Mitsubishi could play a role in the strategy. Though plans to co-develop a light-duty van for production in Spain have been canceled, Werner said the partners will cooperate on components.

Werner said the basis for a true world-component-type vehicle is taking shape in Brazil with the medium-duty truck Mercedes produces there.

"The mainframe for that truck has been developed in Brazil, and we are starting to sell it in Brazil," he said. "That is the mother formula, and we are exporting it.

In a modified version, the concept being developed in Brazil can be used around the world in different configurations, he added.

Werner said the booming world truck market is beginning a period of stabilization.

He predicted that Daimler's world truck production — which ranges from 2.5-ton light vans to 40-ton heavy trucks — will rise from 258,000 in 1988 to about 265,000 in 1989.

Werner said Mercedes truck profitability is growing at a much faster rate than revenue, which increased 18 percent last year to 23 billion marks ($12.2 billion).

He said earnings improved "tremendously" last year and that the 1988 numbers were well within the 2.5 to 3 percent profit margins generally accepted for other European truckmakers.

Daimler is capacity constrained in Europe. The heavy-truck plant in Woerth, West Germany, produced 20 percent over plan in 1988.

"We will have another increase this year without going into an investment," said Werner.

Most major European manufacturers are constrained, but there is an industrywide nervousness about adding new production capacity.

"I would find it extremely dangerous to expand capacity today," he said. "If somebody started, most of the others would follow because everybody is short. If you expanded today, the first products would come out in two or three years. Then the market might have changed. If Mercedes raised capacity, in my opinion, everybody would have to react. I'm very much for optimizing utilization of existing capacity. We are not going to have more demand for units by the end of the century."

Werner said Daimler has no interest in buying capacity in Europe, though other European truckmakers have done so. Two manufacturers thought to be available are Spain's Pegaso and Austria's Steyr-Daimler-Puch. Mercedes is occasionally rumored to be interested in both.

"Strategically, we prefer not to buy capacity," said Werner. "If you buy something, you have to buy a market. That would apply to Steyr and Pegaso."

In the United States, Werner said, Freightliner's profitability "has given us the justification to go into some big investment programs."

Daimler recently bought the MAN Truck and Bus. Corp. plant

see DAIMLER, page 18

AROUND THE WORLD

Car sales in Europe flatten out, but gain continues

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — A long-awaited downturn has yet to hit Europe's new-car market, though March sales were up less than 1 percent over last year's.

Europe's car market has confounded the experts before. A 5 percent drop last October was widely viewed as the start of a decline that is now considered to be more than a year overdue. But sales rose in each of the next four months.

Despite expectations of a 3 to 5 percent slide in 1989 from last year's record 13-million-car market, overall sales were buoyant in January and February, causing some analysts to revise forecasts.

Sales in 17 Western European countries rose 6.1 percent in the first quarter of 1989, but the market was up less than one percent in March, according to industry estimates compiled by Automotive News.

Fiat was tops among carmakers in the quarter. The Italian group effectively shared first place last year with Volkswagen AG, but analysts think Fiat may emerge as a clear winner this year.

European sales rose 0.6 percent to 1,334,200 units in March. Volume for the year-to-date totaled 3,607,700, up 6.1 percent over the same period last year.

Fiat Auto, including the Fiat, Alfa Romeo and Lancia brands, improved 1.2 percent to 201,700 units in March and ranked first in the first quarter with sales of 567,900 cars, an increase of 4.3 percent and a 15.7 percent market share. The Fiat brand was up 5 percent to 427,200 for the quarter.

Fiat's sales pattern in recent years has been a strong first half followed by a slowdown in the last six months. Meanwhile, VW, the European sales leader since 1985, traditionally gathers momentum in the second half.

Some analysts say the expected second-half downturn this year could blunt VW's normal resurgence and enable Fiat to claim first place for 1989.

Fiat supplier sources say the company's current new-car order book is 100,000 units above what was originally targeted.

"They are certainly way above budget for the beginning of the year," said analyst Enrico Ponzone, an Italian specialist at Kleinwort-Benson in London. "If (industry-wide) sales flatten, they should be in a position to take first place, given that VW would suffer from a second-half downturn."

Volkswagen AG ranked second after three months with sales of 501,700, a 13.9 percent market share and a 5.8 percent improvement over last year. The group, which includes the VW, Audi and Seat brands, was off 0.1 percent to 191,000 in March.

France's Peugeot S.A. finished the first quarter just a shade behind VW with sales of 497,300 units, a 14.7 percent increase.

Peugeot S.A., including the Peugeot and Citroen divisions, captured 13.8 percent of the market after taking just under 12 percent in all of 1988.

Its climb was slowed in March by a flat market in France, where Peugeot S.A. now controls more than 35 percent of sales. The group's sales in all of Europe rose 5.9 percent during the month to 181,500 units following a 19 percent rise in January and February.

Its surge has been led by the Automobiles Peugeot Division, which hiked sales nearly 17 percent in the first quarter to 310,400.

Fourth-place Ford toted up sales of 409,400 in the first quarter, an 11.3 percent share and a 7 percent gain over the previous year. Ford's March sales in Europe rose 4.9 percent to 147,900. March sales declined 6.8 percent to 27,300 in Germany, but leaped 27.7 percent to 63,500 in the United Kingdom, Ford's best European market.

General Motors was next with an 11.1 percent share on sales of 400,100, a 10.5 percent increase over 1988. During March, GM's 6.1 percent climb to 151,500 was the best performance of all major makers in Europe. Much of the gain was due to strong sales for the new Opel Vectra subcompact in Germany. Opel's March sales rose 6.4 percent in Germany, while the rest of the German market was down.

Renault held 10.4 percent of the European market through the first three months on sales of 374,900 cars, a 5.6 percent improvement over 1988. However, Renault declined 0.7 percent in March to 141,100 as the French market slipped.

Among Europe's specialist brands, BMW continued to show the fastest rate of growth. Three-month sales perked up 22.3 percent to 102,400, good for 2.8 percent of the total market. But BMW's March sales in Europe rose just 4.1 percent — pulled down by a 5 percent drop to 19,700 in Germany.

Rival Mercedes-Benz was off 7.3 percent for the quarter to 116,000 units, a 3.2 percent share. Mercedes dropped 11.4 percent in March to 41,500 units as it suffered a 21 percent decline to 24,800 in Germany.

Combined sales by Japanese makers were off 2.4 percent to 145,900 in March. The three-month Japanese total was 365,200 cars, a gain of 1.3 percent over last year and a 10.1 percent share.

Nissan continued to lead the Japanese makes, with a 7.3 percent improvement to 100,400 for the quarter and a 2.8 percent share.

Among national markets, West Germany ranked No. 1 in the first quarter with sales of 697,600 cars, a 6.2 percent gain over last year. But German sales slid 3.4 percent to 296,400 in March. The drop was in line with predictions that Europe's largest market will fall back from last year's 2.8 million sales.

Italian sales remained healthy, increasing 7.5 percent in March to 238,100. For the quarter, Italy was up 5.4 percent from 1988's record pace to 675,000.

The United Kingdom was next at 631,200 cars in the first quarter, a rise of 7.9 percent. In March, Great Britain's sales climbed 5.7 percent to 221,200.

France declined 1.1 percent in March to 215,000 units, but for the first quarter was nearly 10 percent ahead of 1988 with sales of 591,500.

EUROPEAN SALES

Manufacturer	March 1989	1989 share*	March 1988	Change 88 vs 89
Fiat Group**	567,900	15.7	544,400	+ 4.3
VW-Audi-Seat	501,700	13.9	474,300	+ 5.8
PSA***	497,300	13.8	433,400	+14.7
Ford	409,400	11.3	382,600	+ 7.0
General Motors****	400,100	11.1	362,000	+10.5
Renault	374,900	10.4	354,900	+ 5.6
Mercedes-Benz	116,000	3.2	125,100	- 7.2
Austin Rover	111,700	3.1	121,300	- 7.9
BMW	102,400	2.8	83,700	+22.3
Nissan	100,400	2.8	93,600	+ 7.3
Toyota	83,600	2.3	86,800	- 3.7
Volvo	74,800	2.1	71,600	+ 4.5
Mazda	60,000	1.7	62,200	- 3.6
Mitsubishi	39,800	1.1	36,700	+ 8.6
Honda	31,100	0.9	34,900	- 0.9
Others	136,600	3.8	133,300	+ 2.5
Total	3,607,700	100.0	3,400,800	+ 6.1

* Total does not add up to 100 percent because of rounding
** Includes Alfa Romeo
*** Peugeot, Citroen, Talbot
**** Opel, Vauxhall, Isuzu, GM-U.S./Canada

NEW-CAR SALES BY COUNTRY IN EUROPE

Country	3 mos., 1989	Percent gain/loss
West Germany	697,600	+ 6.2
Italy	675,000	+ 5.4
United Kingdom	631,200	+ 7.9
France	591,900	+ 9.9
Spain	285,900	+ 7.4
Netherlands	173,300	- 1.8
Belgium-Luxembourg	139,400	- 2.7
Switzerland	88,300	+13.9
Sweden	74,400	-10.2
Austria	71,700	+20.4
Portugal	55,200	+22.0
Finland	52,600	+ 9.8
Ireland	24,700	+22.7
Denmark	21,200	-22.5
Greece	13,800	- 1.1
Norway	11,900	-41.1
Total	3,607,700	+ 6.1

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GLOBAL BRIEFS

Renault 21 introduced as Argentine top-liner

BUENOS AIRES, Argentina — Renault Argentina introduced the Renault 21 (formerly sold as the Eagle Medallion in the United States) April 6. The company said the debut represents a $33 million investment.

The 2.2-liter car is built locally with 60 percent Argentine content from 108 local suppliers. Renault said local content will increase to 85 percent within two years.

The R21 is aimed at the top of Argentina's 130,000-unit-a-year market. Renault, which has a market share of 33 percent, expects to produce 400 R21 units a month for the rest of 1989.

Renault is also Argentina's leading auto component exporter. Last year, it accounted for 37 percent, $50 million worth, of auto parts exports. The company expects to increase exports 20 percent this year.

— Cristina Bonasegna

Ford radio firm in Brazil told to bring back profits

SAO PAULO, Brazil — A Brazilian federal court ordered Ford Industria e Comercio, a manufacturer of car radios in Sao Paulo, to bring back $33 million in profits sent to Ford Motor Co. in the United States during 1984.

The decision grew out of a dispute between Ford and Brazil's Central Bank, which charged an additional tax on the profits to cover exchange rate variations.

Ford went to court, arguing that taxes should not take exchange rates into account. But the court decided in the bank's favor and ordered Ford to repatriate the funds and pay the tax. Ford said it will appeal the decision.

— Rik Turner

Mertz says Reatta is doing the job as Buick's 'halo' car

By Jim Henry and Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTERS

Buick General Manager Ed Mertz said his division's Reatta two-seater is an effective "halo" car that reflects well on the rest of the line, although sales are barely on target.

To pump new life into the car, the division said it is stepping up advertising to introductory levels.

"What we did (with the Reatta) was go after a market that didn't exist," Mertz said in New York.

"It's got room; it doesn't ride like a rock, as some sports cars do; you don't sit on the ground. It's a luxury car for people who really want a Corvette, but they don't really want a Corvette. Starting a new market is always tough," he said.

Mertz acknowledged that Reatta production was slowed in part because sales have not met expectations, but he said sales are growing and are considered satisfactory.

Jay Qualman, Buick's director of advertising, said Reatta advertising will soon be boosted to its highest level since last year's launch, when the Reatta ad budget was reported to have been about $10 million.

With the heavy introductory ad campaign, Reatta sales took off, surpassing the supply. Buick backed off its Reatta advertising and shifted the advertising dollars to other Buick models, particularly the Regal, Qualman said.

Inventory is growing and sales are at the low end of Buick's target of 7,000 to 8,000 Reattas for the 1989 model year. In mid-April, Buick said it had sold 3,500 units and that March's total of 689 was a record. In the 1988 model year, Buick sold 2,759 Reattas against an estimate of 3,000.

Qualman said "now, we're shifting back," to introductory levels of advertising in an effort to boost sales. Included is a new series of 15-second and 30-second television ads, radio spots and a new magazine and newspaper campaign.

Besides the slackened demand, Mertz said Reatta production was interrupted in January to retool for the Reatta convertible, which is due for production in September.

He acknowledged that Reatta's styling is less aggressive than that of some competitors. He said the car may not accelerate as fast as some, but Reatta was intended to be more things for more people.

"The car is very well balanced. It might not be leading-edge, but it's easier to do a (one-dimensional) car that's very great in acceleration, or very great in handling. It's much more difficult to do everything well. I think that's a much higher level of sophistication," Mertz said.

He said the average income for Reatta buyers is $100,000 a year, well above average for the rest of the Buick line. He said Reatta has sold well as a conquest car, and it has served its purpose as a "halo" car, drawing attention to Buick.

One-third of Reatta buyers add the car without trading in a car, Mertz said. One-third trade in a General Motors make, including Buick; and another one-third are conquests from high-line luxury cars, both European and domestic.

Mertz says Reatta is for people who want a Corvette but don't really want one

He said the most numerous conquests are BMW and Porsche.

One of the new Reatta television ads explains the concept of the car and its position as a unique, luxury two-seater. The commercial features a BMW 325is, a Reatta and a Mercedes-Benz 560SL. The ad claims that for approximately $26,000, Reatta offers fresh styling and value compared with its competitors. The tagline is, "The others pale by comparison."

Another spot shows a Reatta in a row of Mercedes, BMW and Saab models. The camera spans the cars, then returns to the Reatta, with the line: "In a sea of ordinary cars, Reatta deserves a second glance."

Qualman said Buick wants to establish Reatta's name before the convertible is introduced.

Delayed for a year for further engineering work, the convertible is expected to account for up to a third of all Reatta sales.

Mertz dismissed the notion of Buick adding a minivan or all-purpose vehicle to its lineup, as Oldsmobile will do in the fall. The Oldsmobile action angered some Chevrolet and Pontiac dealers.

"We looked at it, of course, and we found that for every truck owner who buys a Buick, there was a virtually equal number of Buick owners who bought a truck. That just isn't our focus. That's not where we ought to be putting a lot of capital and effort," he said.

AUCTION DATES

Chrysler Motors

April 25 — American Auto Auction, Walpole, Mass.; Arena Auto Auction, Chicago; Hatfield Auto Auction, Hatfield, Pa.; Nashville Auto Auction, Nashville, Tenn.; Florida Auto Auction of Orlando, Ocoee, Fla.; Portland Auto Auction, Portland, Ore.; Riverside Auto Auction, Riverside, Calif., and Greensboro Auto Auction, Greensboro, N.C.

April 26 — A.D.E. of Birmingham, Birmingham, Ala., and Butler Auto Auction, Gibsonia, Pa.

April 27 — San Antonio Auto Auction, San Antonio, Texas; Northway Exchange, Clifton Park, N.Y.; Aptco Auto Auction, Taylor, Mich.; Indianapolis Auto Auction, Indianapolis; Omaha Auto Auto, Omaha, Neb.; Southwest Auto Auction, Phoenix, Ariz.; and Ark-La-Tex Auto Auction, Shreveport, La.

April 28 — Manheim Auto Auction, Manheim, Pa.

Ford Motor Co.

April 25 — Greater Chicago Auto Auction, Chicago; Bay Cities Auto Auction, Hayward, Calif., and South Seattle Auto Auction, Kent, Wash.

April 26 — Northway Auto Auction, Clifton Park, N.Y.; Albuquerque Auto Auction, Albuquerque, N.M., and Indianapolis Auto Auction, Indianapolis

April 27 — Denver Auto Auction, Aurora, Colo.; Texas Hobby Auto Auction, Houston; Interstate Auto Auction, Mercer, Pa.; Minneapolis Auto Auction, Plymouth, Minn.; Nashville Auto Auction, Nashville, Tenn.; Southwest Auto Auction, Chandler, Ariz.; Skyline Auto Exchange, Fairfield, N.J., and 166 Auto Auction, Springfield, Mo.

Used Car Sales
Auction Averages

April 89	$6,132
Month ago	$6,045
Year ago	$5,669

Model Breakdown
Auction Averages

MY	APR 1989	MAR 1988	FEB 1988
1989 ...	$12,872	$12,197	$13,118
1988 ...	$9,385	$8,751	$8,235
1987 ...	$7,184	$7,338	$7,289
1986 ...	$6,270	$5,975	$6,014
1985 ...	$5,030	$4,978	$4,764
1984 ...	$4,082	$3,942	$3,840
1983 ...	$2,999	$2,867	$2,683
1982 ...	$2,566	$2,612	$2,187
Overall Average	$6,132	$6,061	$5,678

General Motors

April 25 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Grand Prairie, Texas; and Manheim Auto Auction, Manheim, Pa.

April 26 — Puget Auto Auction, Auburn, Wash.; Baltimore-Washington Auto Exchange, Baltimore; Atlanta Auto Auction, Atlanta; Clanton's Auto Auction, Darlington, S.C.; Southern Auto Auction, Fremont, Calif.; Omaha Auto Auction, Omaha, Neb.; and Mississippi Auto Auction, Hattiesburg, Miss.

April 27 — Mid Ark Auto Auction, North Little Rock, Ark.; Arena Auto Auction, Chicago; Ohio Auto Auction, Grove City, Ohio; and St. Louis Auto Auction, Bridgeton, Mo.

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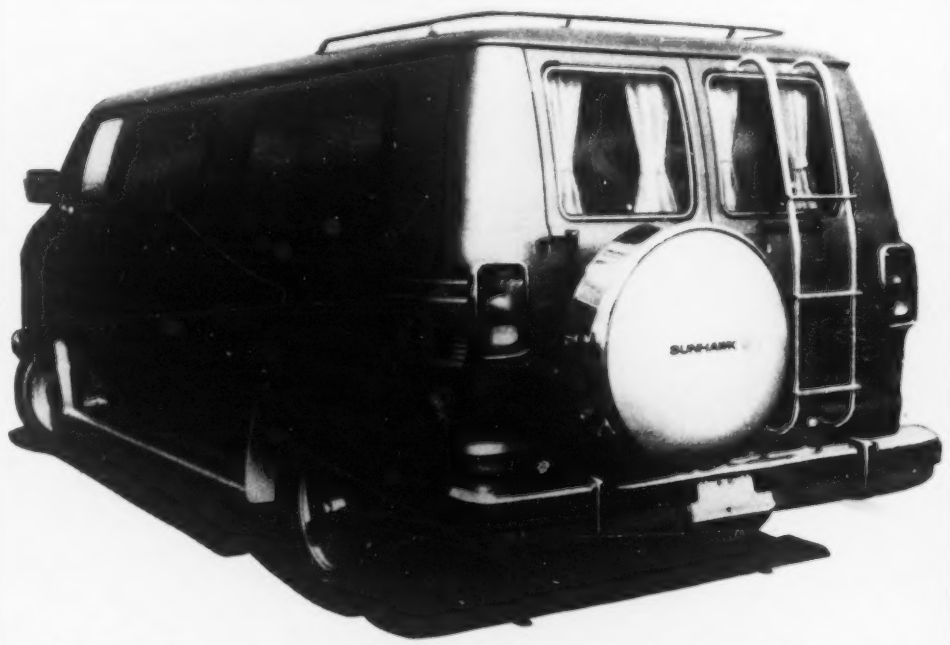

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RESALE

FROM PAGE 1

tively, while the average values of the two luxury import cars declined 10.00 percent and 15.65 percent in the first year.

Real-world dealer resale prices seem to confirm the heat of the marketplace.

"Here in the Southwest, the sport-utility, four-by-four and pickup markets are so strong, and never seem to weaken, that we've been asking ourselves when the bottom is going to fall out. It just doesn't seem like it's going to happen," said Steve Trompeter, used-vehicle sales manager at Lou Grubb Chevrolet in Phoenix, Ariz. Trompeter said he retails 185 to 250 used vehicles per month.

He said that while the equipment level doesn't seem to matter to buyers of the used units, more equipment means a greater profit. But, "There just isn't an area that's slow for us," he added.

The study showed that the better performers in this arena are domestic models. Only a few of the imported sport-utility vehicles had higher values than their domestic counterparts after 12 months.

For example, Toyota's 4Runner SR5 declined 17.41 percent and the Isuzu Trooper II LS lost 17.82 percent of its initial retail value after the first year.

Still, sales and resale prices remain strong for both Toyota's 4-Runner and its Land Cruiser, and one dealer said he believes currency exchange is as big a factor as the quality of the product.

"We are the fourth largest Toyota dealer in the country and we sell about four Land Cruisers a month — I could sell 14 or 40 if I could get them," said David Wilson, president of Toyota of Orange in Orange, Calif.

Wilson said the resale value on nine-year-old Land Cruisers is so strong that he's able to get up to $1,000 more for them today than what they sold for new in 1980.

"Southern California is so dominated by imports," he said. "And I think that's one reason there is such strength in the used-car market. With the yen/dollar relationship, and the way it has reacted in the past several years, used-car prices have been pulled up by the new-car price spiral."

According to the CCC study, poor price performers in the used sport-utility vehicle sample were smaller off-road vehicles. The Jeep Wrangler Laredo declined 21.95 percent and the Suzuki Samurai JX lost 30.77 percent or nearly a third of its initial retail value in the first year.

But Jeep's larger Cherokee Limited depreciated only 15.68 percent in the first year.

"We've found used Cherokees are real hot. They've taken the original retail knock and they're no longer $18,000 but are getting, on a rough average, $15,000," said Wayne Brander, sales manager of Reno Jeep-Eagle in Reno, Nev.

Leading the resale charge are 1987 and 1988 two- and four-door models with the 4-liter V-6, he said.

In the minivan class, the Plymouth Voyager LE was not far behind top sport-utility models in the CCC survey. A one-year-old Voyager held 88.1 percent of its original retail value. The 1988 Voyager LE listed for about $18,500 new and on March 1, 1989, it was selling for $16,300.

The reason for the sales strength is supply and demand, according to dealers and auto analyst Christopher Cedergren of J.D. Power and Associates in Agoura Hills, Calif.

"There isn't a strong well of used vehicles," to draw on, Cedergren said. "It's the case that the obviously limited supply commands high retail prices."

Cedergren also said the domestic minivans hold their value better than the Japanese models because of their designs.

"You're going to find a Dodge-Plymouth minivan will hold its value better than the Japanese models simply because the domestics have done the best job of executing the compact van concept," he said. "The Japanese have failed in that regard; they are considered to be crude. And it is one of the segments in which the Japanese lag behind the domestics."

Partly fueling the high sport-utility numbers may be the buyers themselves, Cedergren said. While buyer profiles of both minivans and sport-utility vehicles are similar in age, there are differences in the image they want to convey.

"People who are generally buying sport-utility vehicles certainly are not truck buyers," Cedergren said. "They are younger to middle-aged baby boomers who want a high image and a very versatile vehicle. They want a common-sense 3-series BMW. So it's not uncommon that when you look at a young attorney's shopping list, it will have a BMW and a Jeep Cherokee Limited.

"Vans are not image vehicles, not yet. They are common-sense vehicles generally bought by younger, maturing baby boomers with families," he said.

"The bottom line is that demand is still very strong for both vehicle types," Cedergren said. "What will have an impact will be a greater supply of those vehicles. The Japanese have a strong, aggressive plan to add more models to those segments. That, combined with a growing number of used vehicles in this market, that will reduce resale prices to more typical levels."

Demand for short-supply used minivans has kept retail values high in spite of extended travel mileage, according to CCC's Geen. Most of the used minivans in CCC's sample held their values better than the sport-utility vehicles sampled.

Other than the Mitsubishi LS van, which sold for 19.40 percent less after a year, the vans in the sample varied less than 3 percentage points in resale value, depreciating only 12 to 15 percent.

"This type of vehicle has truly taken charge in an otherwise flat market," Geen said, adding that the number values may vary a little because prices are based on suggested retail rather than dealer invoice.

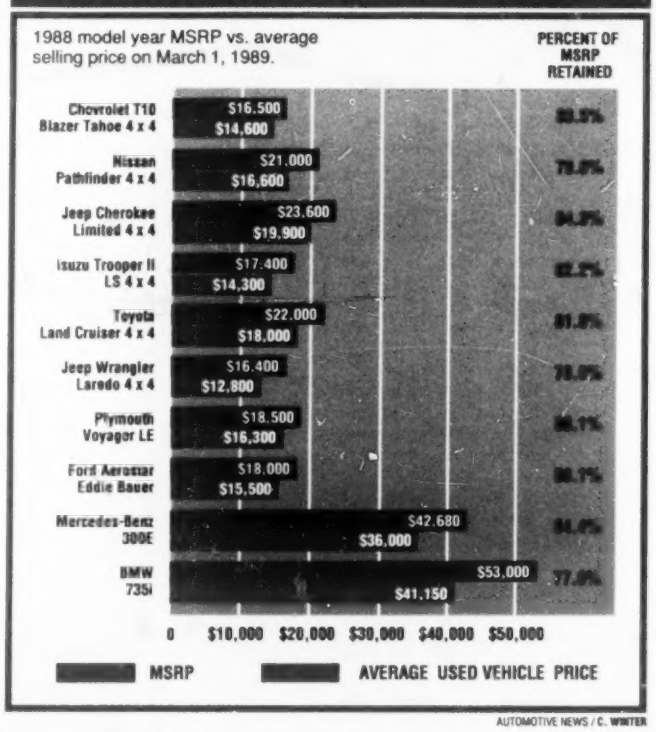
Unlike car models tracked in previous CCC used-car studies, these used vehicles showed little regional price variation.

The CCC sample included 4x4s, wagons, off-road vehicles and minivans with "upgraded equipment and trim levels." The CCC data base reflects numbers gathered for auto insurance company "loss or theft valuations."

The new 1988 sport-utility vehicles were priced from $10,400 to $25,300, and selected minivan list prices ranged from $17,500 to $19,000.

After 12 months, those vehicles sold for about $7,200 to $19,900. Their original values dropped 10.22 percent to 30.77 percent.

Resale value comparisons



AUTOMOTIVE NEWS / C. WINTER

France skips Japan quota for U.K. Nissans

By Jean-Jacques Renaux
STAFF CORRESPONDENT

BRUSSELS, Belgium — France has agreed to let British-built Nissan Bluebirds to be sold in the country without coming under the government's quotas on Japanese cars. The agreement ends a dispute with the United Kingdom over the car's European content.

But Italy reaffirmed its position that it will still count the British Nissans against its annual quota of 2,600 Japanese cars.

Until last week's shift in position, France maintained the U.K.-produced cars should be included with its quota limiting Japanese imports to 3 percent of the total market, which was 66,000 units in 1988. The French government maintained that the cars should have a local content level of 80 percent to be considered European-produced vehicles.

Britain countered that the vehicles, which are currently 70 percent local content, are expected to reach 80 percent in a few years.

Nissan, which has already shipped 3,000 cars this year to France from England, welcomed the move, as did other Japanese carmakers seeking to establish European transplants prior to the EC's 1992 market unification.

But, France's agreement was specific to the Nissan question and does not apply to other Japanese manufacturers. Toyota, which announced plans for a 200,000-unit United Kingdom plant last week, is not mentioned in the agreement.

As part of that pact, France got the promise from Nissan and Britain that they would seek to reach a 80 percent local content soon.

Jacques Calvet, head of the PSA French car group, interpreted the agreement as meaning the European Commission officially recognizes France's right to maintain a 3 percent quota on Japanese car imports. But that commission is also calling for an end to such unilateral quotas and local content rules.

France and Italy insist Europe should not open itself to Japanese imports or transplants without several guarantees such as reciprocity.

QUOTA

FROM PAGE 1

The total for 1988 was approximately 40,000 units less than the previous year, when shipments of 2.21 million also fell below the 2.3 million limit.

Most companies shipped close to quota, but Nissan fell short by 114,538 units. That was primarily due to the need to cut back exports in the first half of the year in order to reduce large inventories in the United States, the company said.

The high inventories were caused by stagnant sales during a period when Nissan had no new models to offer. But exports increased when Nissan introduced the new Maxima and 240SX in the second half of the quota period. Shipments for the first half of the period were 155,899 compared to 270,063 for the second half. Shipments in March, the last month of the period, were 74,042 units.

Earlier this year, Japan's Ministry of International Trade and Industry decided to extend voluntary export restraints for another year beginning April 1, but so far has made no decision on allotments for individual companies.

Company representatives indicate they don't expect a decision from MITI until this summer. Automakers say they have been shipping below quotas, sometimes regardless of demand, in response to MITI's announcement that it will not lift the restraints until it determines that exports to the United States are declining.

So far, MITI has given no indication it will change the individual allotments this year, although Daihatsu Motor Co. has asked for an increase. Last year, Daihatsu's quota was increased to 17,000 units from 11,498 a year earlier.

But Daihatsu officials do not consider an increase likely, partly because it would depend on other companies not meeting quotas and agreeing to surrender some of their allotments. Also, Daihatsu shipped only 14,217 cars to the United States last year, well below its quota.

U.S.-made Sentra models being studied for Europe

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

NASHVILLE, Tenn. — Nissan Motor Manufacturing Corp. U.S.A. is considering export of Sentra subcompacts to Canada, Puerto Rico and possibly Europe.

Rick Sommer, manufacturing vice president, said the company has begun a feasibility study to determine whether it should ship an unspecified number of U.S.-assembled vehicles through Eastern ports.

Sommer said the plan would involve "on the order of several hundred vehicles a month" and would begin with the 1991 model year.

But he added that Sentra sales are strong and if that continues, exporting would be unlikely. In the first quarter, Nissan sold 27,089 Sentras, up from 17,621 a year ago.

Sommer said the export plan would not include the new vehicle that Nissan plans to produce here starting in 1992, an unnamed mid-sized replacement for the Stanza. The company announced last month that it will spend $490 million to expand the Smyrna plant to build up to 220,000 of the Stanza replacements annually.

"That vehicle will be for domestic consumption only," Sommer said. "We're looking only at the Sentra for now."

He said Canada and Puerto Rico are the first priorities, but added, "Europe would have to be the next step." He said a decision will be reached later this year.

The export strategy currently under study may enable Nissan to boost sales in Europe by overcoming quotas and proposed local requirements for Japanese cars.

Should Nissan decide to export the Tennessee Sentra to Europe, the car might avoid the European debate over Japanese content in imported cars. Nissan is already targeting 75 percent North American content for that vehicle by 1991. Europe currently has no trade restrictions against North American vehicle content.

The company said the U.S.-produced Sentra is 66.7 percent locally sourced, but plans to add U.S.-built engines and plastic bumper parts will boost local content to 75 percent.

The company has scheduled additional production this summer to increase Sentra availability, Sommer said.

Exports from the Tennessee operation to date consist of a 1988 shipment of less than 100 King Cab trucks to Japan. The plant produces about 100,000 pickups and about 120,000 Sentras annually.

Nissan currently sells vehicles in Puerto Rico that are produced in Japan. Sommer said sourcing those sales in the United States would allow the company to redirect Japanese capacity.

PRODUCTION

Car output reaches '89 high point

By Kathy Boyer
AUTOMOTIVE NEWS STAFF REPORTER

Domestic automakers last week scheduled their highest output of the year. Targeted production of 161,087 units was the highest since the week ended Dec. 24 when 161,138 cars were assembled.

Estimated output last week was 0.36 percent above previous week's 160,513 but was 2.68 percent below the year-ago week's 165,519.

So far this year, 2,379,900 cars have been built, 9.51 percent more than the 2,173,211 completed last year at this point.

Last week's scheduled output was shared as follows: General Motors, 48.08 percent; Ford Motor Co., 24.52; Chrysler Motors, 13.66 percent; Honda of America Manufacturing, 4.81 percent; Mazda Motor Manufacturing (USA) Corp., 3.13 percent; New United Motor Manufacturing Inc., 2.48 percent; Nissan Motor Manufacturing Corp. U.S.A., 1.28 percent; Toyota Motor Manufacturing U.S.A., 1.25 percent; and Diamond-Star Motors, 0.79 percent.

Truckmakers scheduled 95,892 units last week, 7.50 percent more than the prior week's 89,203 and 8.44 percent more than the year-ago week's 88,425.

Year-to-date, 1,438,949 trucks have been built, 7.27 percent more than the 1,341,445 assembled last year at this time.

Three GM facilities resumed output last week after being idle to cut inventories. They were Doraville, Ga.; Reatta Craft Centre in Lansing, Mich.; and the Allante line at the Detroit-Hamtramck plant.

Chrysler's Jeep Grand Wagoneer line in Toledo, Ohio, resumed operations today after being shut down because of high inventory.

Overtime was slated last Friday at GM's Janesville, Wis., plant.

GM's Lakewood, Ga.; Lordstown, Ohio; and Flint, Mich., plants were scheduled for overtime last Saturday.

Ford slated overtime last Saturday at its Wayne, Mich.; Norfolk, Va.; and St. Louis plants.

Canadian cars dip; trucks rise

Canadian automakers scheduled production of 21,274 cars last week. That was 4.95 percent below the prior week's 22,381 and 20.22 percent below the year-ago week's 26,665.

So far this year, 318,014 cars have been completed, 12.96 percent fewer than the 365,360 built last year at this point.

Truck production was targeted at 21,137 units last week, 13.46 percent more than the 18,629 and 4.65 percent more than the year-ago week's 20,197.

Year-to-date, 320,752 trucks have been assembled, 4.80 percent more than the 306,053 produced last year at this time.

Chrysler Motors' Bramalea, Ontario, plant was closed last week to cut inventory. The company said the plant is tentatively scheduled to resume operations May 1.

U.S. CAR	Week Ended Apr. 22, 1989	Week Ended Apr. 23, 1988	Week Ended Apr. 15, 1989	Apr. to Date	Jan. 1 to Apr. 22, 1989	Jan. 1 to Apr. 23, 1988
Horizon	800	2,121	820	2,415	3,118	28,436
Sundance	2,400	2,236	2,394	7,155	37,250	34,316
Reliant	0	2,425	0	0	0	29,471
Acclaim	3,100	0	2,301	8,397	37,629	0
Caravelle	0	473	0	0	0	6,335
Gran Fury	0	317	0	0	0	3,717
Total Plymouth	6,300	7,572	5,515	17,967	77,997	102,275
LeBaron K	0	525	0	0	0	5,637
LeBaron J	2,700	1,902	2,769	8,136	35,658	19,688
LeBaron GTS	0	180	0	0	2,946	2,681
N. Yorker C-Class	1,800	2,741	2,113	5,447	37,900	35,656
Fifth Avenue	0	336	0	0	0	12,124
Total Chrysler	4,500	5,684	4,882	13,583	77,504	74,086
Omni	900	2,194	956	2,759	3,657	28,279
Daytona	1,800	1,953	1,851	5,575	34,174	16,747
Shadow	2,300	2,228	2,306	7,070	37,536	34,398
Aries	0	2,326	0	0	0	24,501
Dodge 600	0	493	0	0	0	5,605
Dynasty	3,100	2,282	3,372	9,169	50,210	35,378
Lancer	0	221	0	0	1,526	3,558
Spirit	3,100	0	2,266	8,139	35,325	0
Diplomat	0	500	0	0	0	7,349
Total Dodge	11,200	12,197	10,845	32,712	162,430	157,815
CHRYSLER MOTORS	22,000	25,453	21,242	64,262	317,931	334,176
Escort	8,281	8,744	8,582	25,491	106,685	107,851
Mustang	4,166	4,173	4,516	12,771	77,298	68,907
Tempo	2,956	3,846	3,396	9,656	52,444	64,008
Taurus	8,283	8,894	8,863	26,769	127,157	126,515
Thunderbird	3,407	3,372	3,480	10,912	57,227	51,490
Total Ford Div.	27,095	29,029	28,837	85,599	420,791	418,771
Topaz	1,554	1,682	2,104	5,827	22,424	24,527
Cougar	3,401	2,258	3,250	9,343	48,389	38,345
Sable	2,657	3,589	2,227	6,395	41,607	42,307
Total Mercury	7,612	7,509	7,581	21,565	112,420	105,179
Continental	1,436	1,105	1,444	4,548	23,450	14,280
Mark VII	480	557	478	1,504	9,054	8,241
Lincoln	2,869	3,324	2,878	9,078	43,022	47,022
Total Lincoln	4,785	4,986	4,800	15,130	75,526	69,543
Total L-M Division	12,397	12,495	12,381	36,695	187,946	174,722
FORD MOTOR CO.	39,492	41,524	41,218	122,294	608,737	593,493
Skyhawk	367	329	457	1,230	5,312	11,207
Skylark/Somerset	1,307	1,905	1,323	3,947	17,497	10,175
Century	2,142	3,129	2,378	6,575	38,431	27,432
Riviera	539	131	573	1,645	9,107	2,201
Electra	1,999	2,285	1,953	5,867	28,963	24,351
LeSabre (fwd)	4,980	3,462	4,965	14,895	41,519	41,151
LeSabre (rwd)	228	304	186	598	3,076	2,743
Reatta	208	156	0	404	2,184	1,470
Total Buick	11,730	11,671	11,817	35,159	144,089	120,730
Cimmaron	0	121	0	0	0	3,386
Eldorado	665	1,031	907	2,711	12,467	12,134
Seville	675	602	699	1,939	9,148	7,796
Brougham (rwd)	625	1,121	830	2,162	13,811	10,940
Deville (fwd)	4,980	3,438	4,269	14,132	71,526	59,921
Allante	75	65	0	150	1,078	800
Total Cadillac	7,190	6,438	6,694	21,094	108,030	94,977
Cavalier	8,267	6,952	7,562	24,186	127,224	107,003
Camaro	2,610	2,398	2,709	8,014	39,203	23,667
Celebrity	1,905	4,005	2,497	6,508	47,820	50,097
Corsica/Beretta	8,840	8,990	8,673	25,140	134,810	126,239
Caprice	4,346	4,270	5,186	14,334	65,987	61,324
Corvette	560	442	560	1,680	8,328	6,805
Total Chevrolet	26,328	27,047	27,189	79,862	423,372	375,155
Calais	2,293	3,115	2,308	6,919	30,241	33,457
Firenza	0	107	0	0	0	5,177
Cutlass Ciera	1,236	0	1,912	5,025	26,734	0
Cutlass Supreme	3,125	9,137	0	3,125	30,300	68,484
Toronado	179	406	191	540	3,466	5,572
88 (fwd)	3,444	4,614	3,457	10,169	50,550	50,442
88 (rwd)	125	257	176	486	2,393	4,242
Olds 98	2,184	1,801	2,152	6,523	30,406	27,524
Total Oldsmobile	12,586	19,239	10,196	32,787	174,180	194,898
Sunbird	3,739	2,222	3,249	10,545	48,089	33,687
Grand Am	5,280	5,249	6,074	16,662	80,685	75,725
Firebird	1,306	1,685	1,401	4,099	23,046	16,553
Grand Prix	4,050	3,318	4,000	12,050	46,427	33,005
Pontiac 6000	2,190	2,537	2,576	6,936	30,380	23,278
Bonneville	2,945	2,638	2,938	8,521	31,925	31,602
Safari/Parisienne	126	237	100	348	1,725	2,572
Fiero	0	480	0	0	0	6,379
Total Pontiac	19,635	18,366	20,338	59,261	262,277	224,901
GENERAL MOTORS	77,469	82,761	76,234	228,163	1,111,948	1,010,661
DIAMOND-STAR	1,268	0	1,181	3,486	12,840	0
HONDA	7,750	7,470	7,745	23,034	122,950	116,126
Civic	2,700	2,299	2,743	7,959	41,392	29,302
Accord	5,050	5,171	5,002	15,075	81,558	86,824
MAZDA†	5,038	2,517	5,075	15,101	76,602	22,668
NISSAN	2,060	2,487	2,086	6,477	36,034	27,798
NUMMI	4,000	3,307	3,919	11,913	61,947	51,005
Corolla	1,600	1,197	1,426	4,600	25,783	18,813
Geo Prizm/Nova	2,400	2,110	2,493	7,313	36,164	32,192
TOYOTA	2,010	0	1,813	5,871	30,911	0
VOLKSWAGEN	0	0	0	0	0	17,284
Golf/GTI	0	0	0	0	0	11,731
Jetta	0	0	0	0	0	5,553
Total Cars, U.S.	161,087	165,519	160,513	480,601	2,379,900	2,173,211
Total Cars, Canada	21,274	26,665	22,381	65,863	318,014	365,360
U.S., Canada Cars	182,361	192,184	182,894	546,464	2,697,914	2,538,571
U.S., Canada Cars and Trucks	299,380	300,809	290,729	885,991	4,467,615	4,186,059

Monthly estimates may contain error of one or two units due to rounding.
†—Total includes Ford Festiva.

CANADIAN CAR	Week Ended Apr. 22, 1989	Week Ended Apr. 23, 1988	Week Ended Apr. 15, 1989	Apr. to Date	Jan. 1 to Apr. 22, 1989	Jan. 1 to Apr. 23, 1988
Premier	0	1,656	1,275	2,295	14,885	22,531
CHRYSLER MOTORS	0	1,656	1,275	2,295	14,885	22,531
Tempo	3,320	4,007	3,332	10,052	53,345	66,513
Topaz	1,448	1,685	1,475	4,297	22,527	21,942
Crown Victoria	2,582	2,836	2,567	7,749	42,546	44,825
Grand Marquis	3,178	2,950	3,151	9,502	49,175	44,146
FORD MOTOR CO.	10,588	11,487	10,525	31,600	166,594	177,426
Celebrity	250	311	204	646	3,160	5,697
Cutlass Ciera	3,686	7,076	3,726	11,125	58,763	79,722
Lumina	4,355	0	2,723	9,989	18,740	0
Pontiac 6000	0	1,424	0	0	0	15,548
Regal	345	3,718	1,972	4,058	24,799	52,248
GENERAL MOTORS	8,616	12,529	8,625	25,818	105,466	153,215
HONDA	1,650	873	1,514	4,980	26,007	10,212
TOYOTA	260	0	262	750	2,321	0
VOLVO	180	120	180	540	2,739	1,976
Total Cars, Canada	21,274	26,665	22,381	65,863	318,014	365,360

U.S. TRUCK☆	Week Ended Apr. 22, 1989	Week Ended Apr. 23, 1988	Week Ended Apr. 15, 1989	Apr. to Date	Jan. 1 to Apr. 22, 1989	Jan. 1 to Apr. 23, 1988
Caravan	2,500	1,907	2,110	7,139	35,810	31,803
Dakota	2,500	2,864	2,574	7,398	36,113	38,680
Mini-Ram Van	200	301	185	614	3,242	5,010
Pickups	2,500	1,389	2,576	7,401	36,096	18,881
Total Dodge	7,700	6,461	7,445	22,552	111,261	94,374
Cherokee	5,400	3,206	4,611	15,365	72,934	55,955
Commanche	600	848	533	1,826	10,812	15,378
Grand Wagoneer	300	350	0	300	4,663	4,515
Wagoneer	200	246	186	639	3,216	4,078
Total Jeep	6,500	4,650	5,340	18,130	91,647	89,426
Voyager	2,200	1,752	1,999	6,590	34,311	29,256
Total Plymouth	2,200	1,752	1,999	6,590	34,311	29,256
CHRYSLER MOTORS	16,400	12,863	14,774	47,272	237,219	213,056
Aerostar	5,698	4,542	4,949	16,417	79,950	71,407
Bronco	1,675	1,270	1,424	4,727	28,593	19,644
Bronco II	2,415	2,469	2,621	7,844	43,781	46,085
Econoline	5,098	4,789	5,166	15,259	79,321	80,161
Heavy trucks	1,695	1,677	1,712	4,730	22,361	21,492
Light trucks	12,030	11,702	11,676	35,627	176,139	163,150
Ranger	6,737	7,922	7,101	21,651	116,205	116,048
Total Ford Div.	35,346	34,371	34,649	106,255	544,350	517,987
FORD MOTOR CO.	35,346	34,371	34,649	106,255	544,350	517,987
Astro	2,861	3,229	3,386	10,035	55,376	55,398
Blazer	631	592	655	1,883	9,051	8,601
Mediums/Heavies	0	501	0	0	1,312	5,412
P-Model	767	773	748	2,311	10,238	12,541
Pickups	12,395	7,647	8,617	25,985	136,578	103,750
S-10	4,061	6,801	4,372	14,134	80,778	90,335
S-10 Blazer	3,344	3,709	3,905	11,154	61,477	49,944
Sportsvan/Van	2,230	1,909	2,004	6,597	31,139	24,717
Suburban	1,706	1,426	1,768	5,093	25,142	22,674
Total Chevrolet	28,097	26,580	24,065	77,082	421,090	373,342
Jimmy	156	113	165	454	2,686	2,823
Mediums/Heavies	0	783	0	0	1,496	14,333
P-Model	55	177	123	245	1,359	1,250
Pickups	4,631	2,500	3,169	10,441	40,854	39,468
S-15	927	1,319	1,215	3,400	21,246	21,991
S-15 Jimmy	860	932	1,199	3,135	17,527	12,819
Safari	827	806	1,169	2,792	13,749	14,339
Suburban	583	689	697	1,875	10,062	11,611
Vandura/Rally Vans	598	969	518	1,867	8,262	12,943
Total GMC	8,637	8,288	8,255	24,209	117,251	125,577
GENERAL MOTORS	36,734	34,868	32,340	101,291	538,341	496,919
NAVISTAR	1,782	1,927	1,778	5,443	27,726	27,807
NISSAN	2,180	1,646	2,212	7,155	42,193	40,224
AM GENERAL	450	450	450	1,350	7,020	7,110
MISCELLANEOUS	3,000	2,300	3,000	9,000	42,100	36,340
Total Trucks, U.S.	95,892	88,425	89,203	277,766	1,438,949	1,341,445

CANADIAN TRUCK	Week Ended Apr. 22, 1989	Week Ended Apr. 23, 1988	Week Ended Apr. 15, 1989	Apr. to Date	Jan. 1 to Apr. 22, 1989	Jan. 1 to Apr. 23, 1988
Caravan	3,090	3,099	3,135	9,877	49,247	47,973
Mini-Ram Van	354	350	342	1,020	3,546	4,451
Ram Wagon	735	573	0	1,421	9,248	7,672
Ram Van	1,615	1,518	0	3,351	23,771	19,248
Total Dodge	5,794	5,540	3,477	15,669	85,812	79,344
Voyager	2,700	2,829	2,757	8,773	42,921	44,414
Total Plymouth	2,700	2,829	2,757	8,773	42,921	44,414
Wrangler	1,700	1,070	1,867	5,418	25,900	16,263
Total Jeep	1,700	1,070	1,867	5,418	25,900	16,263
CHRYSLER MOTORS	10,194	9,439	8,101	29,860	154,633	140,021
FORD MTR. (R. trks.)	3,648	3,644	3,439	10,745	54,872	57,017
Light trucks	2,710	3,243	2,035	7,386	50,505	50,432
Vans	1,518	1,579	1,386	4,283	21,903	19,278
Total Chevrolet	4,228	4,822	3,421	11,669	72,408	69,710
Light trucks	2,170	1,545	2,666	6,417	24,206	24,729
Vans	627	525	735	1,967	10,679	11,103
Total GMC	2,797	2,070	3,401	8,384	34,887	35,832
GENERAL MOTORS	7,025	6,892	6,822	20,053	107,295	105,542
NAVISTAR	270	222	267	903	3,952	3,473
Total Trks., Canada	21,137	20,197	18,629	61,461	320,752	306,053
U.S., Canada Trks.	117,029	108,622	107,832	339,227	1,759,701	1,647,498

☆—Includes window van production. *—Estimated.
Jeep includes commercial only. AM General includes government-contract vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.

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Debate over CAFE heats up

Talk of 40-50 mpg frightens industry

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Concern over global warming may translate into higher fuel economy standards, but how much higher they must go will fuel a debate as hot as last summer's weather.

That hot summer and a drought in some areas of the country focused attention on the "greenhouse effect" — a combination of gases, mostly carbon dioxide, that may trap heat and threaten the earth's environment through higher temperatures.

While Congress considers five proposals and an EPA position paper calling for average mileage of 40 to 50 mpg by the year 2000 and 75 mpg by 2025, domestic automakers are looking at alternative product plans to help them meet the tougher standards.

The Big 3 stand to lose heavily to Japanese automakers if the standards rise abruptly. Many Japanese manufacturers have a greater variety of small-displacement engines with efficiency- and conservation-enhancing features such as four valves per cylinder.

Legislators such as Sen. Timothy Wirth, D-Colo., and Rep. Claudine Schneider, R-R.I., claim that a 40 mpg-plus standard would reduce the global warming by reducing CO2 produced by automobiles.

The Department of Energy estimates that U.S. cars and trucks contribute about 3 percent to total CO2 emissions linked to global warming. Passenger vehicles account for about 2 percent.

The call for much greater fuel efficiency comes at a time when consumers are demanding higher performance and gasoline-consuming options, and features that improve safety but add fuel-consuming weight.

In official statements, the Big 3 say a higher corporate average fuel economy standard would require much smaller cars that wouldn't sell and put them at a competitive disadvantage to the Japanese.

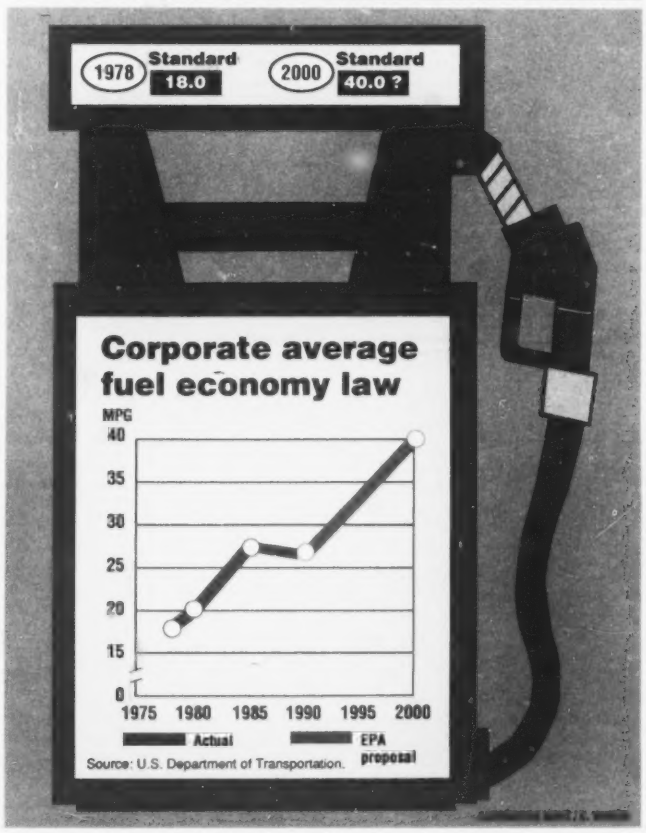
And those rivals don't seem worried.

Thomas D. Mignanelli, executive vice president of operations for Nissan Motor Corp. in U.S.A., said, "In Tokyo, they're (Nissan officials) saying: 'Tell us what the (CAFE) standard is, and we'll meet it.' I think there will be a clear intent on our part to meet the standards."

Mignanelli, a former Lincoln-Mercury executive, pointed out that "every time we put out a new

see CAFE PUSH, page 22

CAFE: How high will it go?



CAFE vs. global warming

- Product plans: No Viper? No minivans? Page 22
- Alcohol bill offers loophole Page 23
- 45 mpg: Escorts all around Page 24
- CAFE fines heat up Page 28

Progressive halts dealer payments

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

Progressive Acceptance Corp., one of the nation's largest companies financing high-risk car loans, has told dealers it cannot make payments on paper it has committed to buy.

In a letter dated April 21, Progressive told dealers that an investor stopped buying Progressive's commercial paper, and the company is at the limit of its line of credit. Progressive said dealers may ask for the contracts back so they can seek other funding, or dealers may leave the contracts with Progressive, which will fund them "as soon as we obtain new investors."

Progressive's problems come on the heels of those experienced by other financers of subpar credit and at the same time that several new companies, particularly on the West Coast, are entering the market.

Progressive buys retail and lease paper from dealers, packages the loans and sells them to investors in pools of $1,000,000 or more.

Progressive, based in Tulsa, Okla., declined to answer questions, but said in a statement it has stopped originating loans "until it it can find stronger long-term commitments."

It is not known how many dealers remain unpaid.

Progressive buys paper from more than 2,000 franchised dealers and independent leasing companies.

The problem for dealers is that after Progressive approves a contract sent by a dealer, the customer signs it and drives away with the car. The dealer sends the contract to Progressive for the money and is without the car and without the money until Progessive's payment comes through.

Two independent lessors who contacted Automotive News said their contracts for which payment was over four weeks late totaled $68,000.

Progressive's troubles are not unusual in the world of high-risk auto finance.

Some dealers were saddled with the cost of sold vehicles when IDFC, based in Carlsbad, Calif., failed to pay for approved contracts (Automotive News, June 6, 1988 and July 4, 1988).

IDFC subsequently charged in a suit that Reseda Finance breached its contract to buy the retail paper that IDFC acquired.

Progressive packages the loans it buys from dealers and sells them to investors such as banks, savings

see PROGRESSIVE, page 66

BURGER: *Outspoken, respected Chevrolet chief retires; marking 'end of era' at GM*

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Robert Burger remembers the second dealer call he ever made, as an assistant zone manager in Oldsmobile's Detroit office. It was a Michigan outlet owned by two former General Motors employees. One partner was great to work with; the other, ornery.

"The file on him was that he was impossible to get along with," Burger recalled. Burger's predecessors avoided calling on the dealership when he was in.

But Burger wasn't so lucky on his initial visit. After listening to the man's litany of complaints for just so long, Burger snapped back: "Why are you so miserable?" The partner told him, the air was cleared, and Burger looked forward to later visits.

"You always have to level with car dealers," said

see BURGER, page 65

GLENN TRAEST

Burger steps down after 47 years with GM

Big 3 trim schedules for 2nd quarter output

AUTOMOTIVE NEWS ROUNDUP

Detroit's Big 3 automakers last week modestly sliced their production schedules for the second quarter from their original estimates, so that the industry now expects to build 3.19 percent fewer cars than it did in the second quarter of 1988.

But several independent analysts said they expect further cuts in the schedule before the quarter closes. Many of the Wall Street analysts have downgraded their auto market expectations for 1989 and 1990.

"The industry's plans still look rich in the second and third quarters," said Bernard Campbell, director of automotive services for Data Resources, Lexington, Mass. "It looks as though between now and the end of August, they will have to cut at least 50,000 . . . and perhaps as much as 100,000 units from their plans."

Although sales and production appear to be in balance in the second quarter — both down about 3 percent — the imbalance created by the first quarter still plagues U.S. makers, he said. In the first quarter, production was up about 10 percent from 1988, while sales were down about 10 percent, he said.

DRI is forecasting lengthy downtime during model chan-

see FORECAST, page 67

SECOND QUARTER UPDATED AUTO PRODUCTION
1989 forecast vs. 1988 actual

	1989	1988	% change
GM	910,000	974,416	– 6.61
Ford	510,000	519,989	– 1.92
Chrysler	265,000	321,092	–17.47
Honda	99,000	97,233	+ 1.82
NUMMI	52,000	40,188	+29.39
Nissan	31,659	33,156	+ 4.52
Mazda	58,190	31,497	+84.75
VW	0	15,201	—
Toyota	25,000	0	—
Diamond-Star	17,100	0	—
Industry	1,967,949	2,032,772	–3.19

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Federal gas-tax hike loses support in House Page 4

2 die in Ford Rouge blast
An explosion in an underground utility tunnel shattered pavement and overturned cars at Ford Motor Co.'s Rouge complex in Dearborn, Mich., last week. Two workers from a maintenance contractor were killed in the tunnel. The deaths were attributed to carbon monoxide poisoning and drowning. The tunnel carries electric, water, steam and compressed air services to several buildings. Some operations, including the Mustang assembly plant, were closed for a day.

AUTOMOTIVE NEWS/JOE WILSSENS

Fischer recalled to VWoA post

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

Peter Fischer, the former Audi of America chief who was re-assigned at the peak of the crisis over unintended acceleration, will return to Volkswagen of America in two weeks.

Fischer will rejoin the company from Volkswagen AG, where he has been in charge of worldwide training and advertising for the company's central marketing group. The move is one of several appointments effective today.

The native of Germany will be one of nine executives reporting directly to Hans Hungerland, the new president of VWoA. Fischer will oversee the company's market planning, product planning and distribution and logistics operations. Some of those duties had previously been held by Vice President Richard L. Mugg, who left VWoA's central staff 15 months ago to head Audi.

In another move, Vice President Philip A. Hutchinson Jr. assumes control of the legal department and central public relations in addition to his current responsibilities for industry and government relations. He will continue to be based in Washington. The company's general counsel, N. Richard Skipper Jr., will resign, effective June 1, and work in private practice.

Fischer left VWoA in November 1986, shortly before a CBS "60 Minutes" segment portrayed the Audi 5000 as a car prone to accelerate out of a driver's control. The broadcast capped a year of damaging publicity that has been the chief cause of Audi's troubles in the U.S. market.

Fischer's departure after more than four years on the job set in motion a revolving door through which two other chiefs passed before Mugg restored some stability to the post.

This year, government reports in Canada and the United States concluded unintended acceleration is caused by drivers who mistake the accelerator for the brake pedal. Audi says it has been vindicated by

see VW, page 65

VW's new test drive: Keep car for days

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

TROY, Mich. — Car buyers with a gleam in their eyes for a new Volkswagen are being invited to put hundreds of miles on one of the company's cars in an extended test drive.

Volkswagen United States dealers are handing over the keys to company-owned VWs for days at a time under a program that expires May 31. While the company knows its styling is dated, it hopes to sell buyers on performance and handling. Hence the long test drive.

As one dealer explained, "VW is the kind of car that you fall in love with if you drive it for a couple of days."

The test fleet is owned by VW. One high-volume dealer said he had three dozen cars. Another mid-sized dealer said he had about 13. Dealers said VW pays for insurance; dealers are responsible for gas and keeping the cars clean.

A company spokesman declined to comment on the program. It is not being advertised. And it is up to the dealers to decide which shoppers can use it. Dealers said it was designed for those who are close to a deal but not committed.

The extended test drive is another element of a recovery program created by William Young, who took over as head of the Volkswagen division Feb. 1.

It coincides with a plan that essentially provides $500 to $2,000 toward a downpayment.

In the first quarter, VW sales were down 36 percent from 1988.

Dealers reported a range of reaction to the newest efforts.

"Our traffic is probably up 300 percent," said Jack Price, a dealer in Albuquerque, N.M.

He credited the test drive for a big boost in his store's closing ratio.

Gary Hunt, a VW general sales manager at Meltebeke Volkswagen, La Habra, Calif., said he likes the programs but it's too early to judge them. So far, the new incentives haven't helped much, he said.

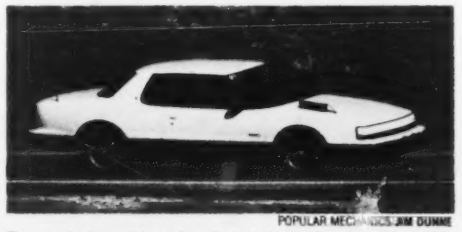
1990 product race: GM ahead of Ford

By David Versical and Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTERS

The new-product coin gets flipped in the 1990 model year, as Ford Motor Co. — which recently has been surpassing General Motors in the number of all-new models introduced annually — will debut only the rebodied Lincoln Town Car, while its competitor across town introduces a new minivan series, sedan versions of its mid-sized GM10 line, four convertibles and a longer Oldsmobile Toronado.

The first official description of the Big 3's lineups for 1990 was revealed in the 1990 vehicle preview specification book published by LMV Leasing, Pittsburgh. It is being distributed to LMV's fleet customers.

The highlights of future products for Ford and GM follow; those for Chrysler appeared in the April 24 issue of Automotive News.



POPULAR MECHANICS/JIM DUNNE

Toronado is reskinned and stretched 12 inches for 1990

Ford Motor Co.

After a succession of busy product launches, Ford will catch its breath in the 1990 model year.

The company will introduce just one new entry during the 1990 campaign, a substantially revised and reskinned Lincoln Town Car.

In the past two years, all-new Cougars, Thunderbirds and Continentals have reached showrooms, while such nameplates as Probe, Tracer, Festiva and Scorpio have been added to Ford's sales charts.

Ford will pick up the pace again in the 1991 model year. Its most significant products will be replacements for the current Escort and Tracer, as well as a new Bronco II sport-utility vehicle. All are scheduled to go into production in early 1990.

Two new import entries are also expected as 1991 models: the Australian-built Mercury Capri and a notchback version of the European Scorpio, with an optional high-performance Cosworth engine. Production of the next-generation Crown Victoria/Grand Marquis, codenamed EN53, will begin in the early 1991 calendar year.

Ford has had its share of developmental tasks this coming year, as standard air bags are being added to the driver's side on eight lines. The safety restraints will appear on Ford Mustang, Taurus and Crown Victoria; Mercury Sable and Grand Marquis; Merkur Scorpio; and Lincoln Town

see PRODUCT, page 66

Automotive News Congress dates set

The 14th annual Automotive News World Congress is set for Jan. 7-10 at the Westin Hotel in Detroit. The World Congress, usually held in mid-summer, now dovetails with the North American International Auto Show, also in Detroit.

Top auto industry officials will speak at the World Congress.

This year the World Congress is co-sponsored by the University of Michigan. In turn, Automotive News will join the university in its automotive management briefing seminar, Aug. 9-11 in Traverse City, Mich.

Keith Crain, publisher of Automotive News, said the move "would make two successful conferences even better."

David E. Cole, director of automotive transportation studies at the university, said, "It will allow us to jointly select themes and speakers for both conferences, providing the best possible programs to our registrants."

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World vehicle giants gain in '88

By Dutch Mandel
AUTOMOTIVE NEWS STAFF REPORTER

The world's top dozen vehicle makers all enjoyed production increases for 1988, with General Motors again leading the pack, building nearly 8.11 million vehicles.

For 1988, the 12 leading motor vehicle producers worldwide combined to build some 36.96 million cars, trucks and buses. That represents a 6.73 percent increase over their 1987 production figures, which totaled some 34.63 million vehicles.

Overall ranking for vehicle producers remained as they had been in 1987, with Ford Motor Co. (6.52 million) and Toyota Motor Corp. (3.85 million) rounding out the top three spots.

But there were some significant changes in rankings compared to five years ago.

In 1984, Volkswagen AG was the world's sixth largest vehicle maker; in 1987 and 1988, after digesting Spanish maker Seat, it ranked No. 4. Fiat Auto S.p.A. climbed from ninth place in 1984 to seventh place, but Renault fell from fifth place to ninth. The others on the most current list of the world's top dozen vehicle makers were already on the list in 1984, although some gained or lost a place in the intervening five years.

Europe's top 1988 vehicle maker remained Volkswagen, with some 2.85 million vehicles built. That number represents a 2.78-percent increase over the previous year.

In a ranking of world producers by nationality, Detroit's Big 3 automakers came out on top with a combined 1988 total of more than 17.19 million vehicles produced at home and overseas.

The five Japanese-headquartered automakers that made the list had combined worldwide production in 1988 of more than 9.74 million.

The four European automakers on the world's top dozen list produced 8.92 million vehicles worldwide in 1988.

The automaker which enjoyed the greatest production growth in 1988 was Nissan Motor Co., with an 18.75 percent increase over 1987. Double-digit percentage increases were also realized by Chrysler Motors, up 13.57 percent, and Honda Motor Co., up 12.73 percent. Increases for the world's other leading vehicle makers were Fiat, 8.72 percent; Ford, 6.58 percent; Peugeot S.A., 6.53 percent; Toyota, 5.78 percent; GM, 4.41 percent; VW, 2.78 percent; Mazda Motor Corp., 2.67 percent; Mitsubishi Motors Corp., 1.32 percent; and Renault, 1.05 percent.

With 1988 world production estimated at 48.27 million, the 12 leaders combined to make up nearly 77 percent of all vehicles built.

12 LEADING MOTOR VEHICLE PRODUCERS WORLDWIDE

1988	
General Motors	8,108,000
Ford	6,517,186
Toyota	3,854,721
Volkswagen	2,848,000
Nissan	2,713,234
Chrysler	2,566,920
Fiat	2,141,500
Peugeot-Citroen	2,080,000
Renault	1,850,667
Honda	1,783,416
Mitsubishi	1,273,662
Mazda	1,224,192
1987	
General Motors	7,765,535
Ford	6,115,000
Toyota	3,643,977
Volkswagen	2,771,000
Nissan	2,284,896
Chrysler	2,260,290
Fiat	1,969,800
Peugeot-Citroen	1,952,500
Renault	1,831,390
Honda	1,582,000
Mitsubishi	1,257,016
Mazda	1,192,319

SERVICE MANAGEMENT

Shop sales take tumble in February

By Dutch Mandel
AUTOMOTIVE NEWS STAFF REPORTER

Service and parts business at new-car dealerships took a roller coaster ride as sales volume tumbled in each of five major categories in February.

February's slide followed a sharp increase in parts and service business in January.

In February, shop volume fell 6.7 percent, compared to February 1988, according to the Automotive News Service Index. In January, shop volume rose 9.8 percent over January 1988.

Shop volume for the first two months of 1989 was up 2.7 percent over 1988 figures.

The number of repair orders written in February 1989 declined more than any other indicator — 9.9 percent, compared to the same period last year. The category registered a 2.0-percent decrease for the first two months of 1989.

Labor sales (including customer-paid and warranty) dropped 6.6 percent in February from the same period a year ago, but increased 3.0 percent for the first two months of 1989.

Shop parts sales (customer-paid and warranty) fell 1.4 percent in February 1989 compared to February 1988. But the category saw an increase of 5.3 percent for the first two months of 1989 compared to early 1988.

Parts and accessories sales to off-premises customers dropped 8.7 percent in February, yet grew 1.5 percent for the first two months of 1989.

SERVICE INDEX 101.9★

	Feb., '89 vs. Feb., '88	Jan.-Feb., '89 vs. Jan.-Feb., '88
Gross Profit on All Labor and P&A Sales	−7.1%	+1.7%
Repair Orders Written	−9.9%	−2.0%
Total Labor Sales (Customer & Warranty)	−6.6%	+3.0%
Shop Parts Sales (Customer & Warranty)	−1.4%	+5.3%
Sales of All P&A	−8.7%	+1.5%

★ Survey by Automotive News shows that dealers' service and parts business in February 1989 was 101.9 percent of business in February 1988. Service business in the first 2 months of 1989 was 93.3 percent of business in the corresponding period in 1988.

SERVICE BRIEFS

All aboard

Mitsubishi Motor Sales of America claims to be the first auto company to invite every dealership parts manager to attend a national meeting at one location.

Nearly 150 of the company's 250 dealership parts managers and numerous regional and corporate personnel attended. The seminar provided insight into business management, marketing and Mitsubishi parts policies and programs, a company spokesman said.

Robert F. LaBossiere, parts operations director, said a new Southeastern Parts Distribution Center in Atlanta will be joined by new regional offices in Orlando, Fla., and Dallas.

MEMA elects McCurdy

Larry McCurdy, president and chief executive officer of Moog Automotive, has been elected chairman of the Motor and Equipment Manufacturers Association.

In addition, five new directors have been named: Robert Hirsch, president, Gold Eagle Co.; Dale Johnson, president, SPX Corp.; James Krause, president and general manager, Sherwin-Williams Automotive Aftermarket Division; John R. Moore, president, automotive group, Midas International Corp.; and Michael Plumley, chairman, Plumley Cos.

Jaguar's finest

Jaguar Cars, Leonia, N.J., named 10 dealership service technicians to the Jaguar Master Technicians Guild and five dealership service advisers to the Jaguar Service Advisors Association.

Technicians were judged on their Automotive Service Excellence test scores and on their skills in explaining their recommendations for technical improvements in Jaguar components. The service advisers were chosen on the basis of three written examinations and one administered by telephone.

Winners were honored at a banquet and awarded a week-long visit to England.

The winning technicians were Vincent Fortgang, Westchester Jaguar, White Plains, N.Y.; P. Bruce Mochrie, Jake Kaplans Ltd., Providence, R.I.; Hing H. Easton, Rusnak Pasadena, Pasadena, Calif.; Gary Zuniga, Hornburg Jaguar, Santa Monica, Calif.; Elliott D. Anderson, Lee Imported Cars, Wellesley, Mass.

Also, Ricky Clanton, Chaisson Motor Cars, Las Vegas, Nev.; Michael J. Schafer, Performance Jaguar, Austin, Texas; Richard Kaufman, Jaguar of Darien, Darien, Conn.; Ken Tripkos, Jack Roach Jaguar, Kansas City, Mo.; and Michael Toliver, Manhattan Jaguar, Rockville, Md.

Winning service advisers were Peter Zorzy, Sportique Motors, Huntington, N.Y.; Carolyn Vincent, Tom Payette Jaguar, Louisville, Ky.; Mike S. Allen, Tameron Jaguar, Birmingham, Ala.; Douglas C. Skeen, Performance Jaguar, San Diego; and William L. Swisher, Mark Jaguar, Denver.

Sun, GM a team

Sun Electric Corp., Crystal Lake, Ill., has been appointed by General Motors Service Technology Group as exclusive distributor of the Tech 1 hand-held tester to independent service firms in North America.

Lobbying inspections

The Automotive Service Association, representing independent service and body shops, committed $16,600 to a group lobbying for emission inspection and maintenance programs.

The Coalition for Safer, Cleaner Vehicles claims among its members the Automotive Parts and Accessories Association, Automotive Warehouse Distributors Association and National Automobile Dealers Association.

Megadealer structured to satisfy

Calif. operation stresses service in training, advertising

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

IRVINE, Calif. — It's not by accident that Campbell Automotive Group is rapidly acquiring a reputation for satisfying customers who buy cars and have them serviced at its eight franchises and two body shops in southern California's Orange and Riverside counties.

Campbell

John B.T. Campbell III, president and chief executive officer of Campbell Automotive, proclaims a "deep commitment" to providing Campbell customers with service that is a cut above manufacturers' standards.

The so-called "Campbell Way" of doing business is prominently featured in the company's advertising campaigns.

Customer satisfaction drives every facet of the company's business operations, Campbell said. For example, all salespersons must attend courses not on sales techniques, but on ways to keep customer satisfaction high.

The company develops and continuously updates in-house training courses on sales and service.

Some 1,200 customers are queried every month by a customer relations department. The calls are placed within 48 hours of service.

A day-long service advisers' class "teaches how we want them to deal with customers, how to go through the process and what specific things they have to do to deliver the 'Campbell Difference,' as we call it, to the customer."

A customer-contact class is given to all employees other than salespeople.

"This is a half-day class and, basically, it teaches employees how to deal with people, how to be nice, use the customer's name as soon as they know it," Campbell said. "There are little tricks we teach the employees to impress the customer and to come across that they are caring for the customer's needs, and obviously, how to deal with any customer who has a problem."

The company has yet another quality class that runs two days and is required for all dealership employees.

"This class simply teaches our people how to deliver quality service in whatever job they are in, to whomever their customers are, even if their customers are internal within the dealership," he said.

The class teaches a management system advocated by the Phillip Crosby Quality College in Winter Park, Fla., Campbell said.

Campbell's goal for the service advisers' training is to "have continued refinement so that, essentially, the way that the advisers should treat the customers becomes a system — certain things they do every time, certain things they say every time, etc."

Campbell believes many of the problems encountered by dealerships are related to communications between the customer and service adviser.

"For example, the customer says his car has a thump in the right front of the car, and the service adviser puts down 'bump or noise in the right front,' or whatever.

"So one of our requirements is that the service adviser, after he has written it all down, must read back to the customer what he has written on the service order and ask the customer if that is a correct description of the problem.

"If they do that, it should all but eliminate the situation where we look for the wrong thing in the wrong place."

Satisfying the customers is expensive, Campbell said. For example, some of the extras offered by Campbell Automotive include a toll-free hotline to assist customers Monday through Friday; service and parts departments fully staffed and open six days a week; free loaner cars, while others offer discount rentals and free oil changes when cars are brought in for service.

The companywide service comeback rate has been "running about 7 percent," Campbell said.

"We are not particularly happy with that," he said. "It came down a little bit from last year's 8 percent. We have some dealerships that are consistently in the 3 to 4 percent range, and we have a few in the 12-percent range.

Customer comeback rates, which measure the frequency with which customers must return to fix a problem that should have been fixed the first time, are monitored closely by Campbell Automotive.

If tracking charts indicate that a dealership has a high comeback rate, Campbell says the company first looks for "ideas from managers. The ideas will be carried out better if they originate from them. And then we will throw in some of our own ideas.

"I am not looking at this as a cop-out in any sense, but some product lines are going to have more comebacks than other simply because the cars have more defects and have more repairs."

Campbell acknowledged the company has fewer of these problems at its Japanese dealerships than at its domestic and European outlets.

For the future, Campbell said the company is considering, among other things, unconditional service guarantees in an effort to compete with independent service outlets, which the public perceives to be less expensive than new-car dealerships.

The firm also is studying ways to reduce the time it takes to get a car serviced.

Campbell Automotive tested at three dealerships a program that provides people who bought cars from those dealerships free loaners when they bring their cars in for mechanical or warranty work. The program was extended to all dealerships as of May 1.

"We believe the loaner program, which was very successful, will give much better service retention," Campbell said.

Since the company was founded in 1965, it has sold more than 90,000 vehicles. Each year, Campbell Automotive sells in excess of 9,000 cars and trucks and services more than 60,000 vehicles.

Campbell Automotive reported sales of $145.30 million in 1988, a 4.6 percent increase over 1987. Vehicle sales for 1988 were $118.55 million, up 2.8 percent. Service and body shop revenue jumped 17.2 percent to $11.27 million, while parts sales were $15.48 million, up 11.1 percent.

Lex Service, a publicly held British auto retailer, recently took a 50 percent stake in Campbell Automotive, making it the only dealership in the United States with public ownership.

Employment at Campbell Automotive's eight new-car dealerships averages 65 persons, with the largest employing 100 and the smallest 30.

Company policy is to promote from within "to offer our employees a career path rather than just job," Campbell said. He estimated the annual turnover rate among service and parts personnel at "around 30 percent," which is "relatively low around this area," Campbell said.

He said the company also recently revamped benefit plans to encourage employees to build tenure.

"We also put together a number of award and recognition programs to assure our employees that they are an important and vital cog in our wheel," he said.

Campbell operates Campbell Buick-GMC Trucks of Corona; Campbell Ford, Garden Grove; Campbell Mazda, Buena Park; Campbell Mazda, Costa Mesa; Campbell Nissan, Buena Park; Campbell Nissan, Huntington Beach; Campbell Porsche-Audi, Buena Park; and Campbell Volkswagen, Buena Park. Its paint and body shops are in Anaheim and Fountain Valley.

WHY OVER 99% OF OUR CUSTOMERS LEFT OUR HOTLINE OUT IN THE COLD.
ONE OF TEN SOLID REASONS WHY THE CAMPBELL DIFFERENCE MAKES A DIFFERENCE
JUST ONE CALL CAN GET YOUR PROBLEM SOLVED.
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